

Message Text

SECRET

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----084893 280925Z /10
O 280800Z APR 78
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC IMMEDIATE 1255
AMCONSUL BOMBAY IMMEDIATE

S E C R E T SECTION 1 OF 2 NEW DELHI 6714

EXDIS

E.O. 11652: GDS
TAGS: TECH, IN
SUBJECT: NUCLEAR DIALOGUE WITH INDIA

REF: STATE 106266

1. IN RESPONSE TO THE QUESTIONS ABOUT THE MANAGEMENT OF THE NUCLEAR DIALOGUE POSED IN PARA 4 OF REFTTEL, WE JUDGE THAT UNDER PRESENT CONDITIONS THERE SHOULD BE NO US EFFORT TO RESUME DISCUSSIONS WITH THE GOI ON THE NUCLEAR ISSUES, EXCEPT FOR THE MATTER OF HEAVY WATER, PRIOR TO THE PRIME MINISTER'S VISIT TO WASHINGTON. ANY SUCH EFFORT WOULD ALMOST CERTAINLY BE AS UNPRODUCTIVE AS THE RECENT NYE-VELLODI TALKS UNLESS SOME NEW AND MORE ENCOURAGING INGREDIENTS CAN BE INTRODUCED. ONE SUCH--UNDOUBTEDLY FAR-OUT-- INGREDIENT MIGHT BE A FIRM USG ASSURANCE THAT DURING THE REMAINDER OF THE SUPPOSEDLY LEGISLATED GRACE PERIOD FOR RENEGOTIATION OF THE EXISTING AGREEMENT, THE SUBSEQUENT TARAPUR SHIPMENTS WILL MOVE WITHOUT THE COMPLICATIONS AND UNCERTAINTY THAT HAVE ATTACHED TO XSNM-1060. SHORT OF SOME SUCH DEVELOPMENT, WE SEE NO PROSPECT OF ANY INDIAN GOVERNMENT MOVEMENT FROM ITS CURRENT POSITIONS BETWEEN NOW AND DESAI'S ARRIVAL IN WASHINGTON.

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2. WE DO NOT HAVE ANYTHING SPECIFIC TO SUGGEST ON BILATERAL APPROACHES CONCERNING THE SSOD. THE NYE-VELLODI APRIL 20 SESSION PROVIDED A RECENT OPPORTUNITY FOR SOME EXCHANGE OF VIEWS. UNLESS WE HAVE SOME CONCRETE PROPOSALS TO DISCUSS WITH THE GOI WHICH GO SOME WAY TOWARD MEETING THEIR AIMS FOR THE PROGRAM OF ACTION, WE DON'T SEE MUCH POINT IN APPROACHING THEM FURTHER ON

THIS.

3. ON THE HEAVY WATER QUESTION, BECAUSE THE INDIANS ARE AWAITING AN ANSWER AND BECAUSE WE INITIATED THE SUBJECT, WE DEFINITELY BELIEVE THAT WE SHOULD GO AHEAD AND MAKE THE OFFER OUTLINED IN PARAS ONE AND TWO OF STATE 106266, AND NOT WAIT UNTIL JUNE TO DO SO. WE ALSO ARE CONVINCED THAT OUR RESPONSE SHOULD FLOW THROUGH THE SAME CHANNEL THAT THE INDIAN INQUIRY WAS RECEIVED-- NAMELY, COURTNEY DEALING WITH SETHNA. TO ELEVATE THE MATTER BACK UP TO THE LEVEL OF THE PRESIDENT, WHEN THE LIKELIHOOD OF INDIA ACCEPTING OUR TERMS FOR SUPPLYING HEAVY WATER IS SO UNCERTAIN, WOULD BE A SERIOUS MISTAKE IN OUR VIEW. AS SEEN FROM HERE, THE LIKELIHOOD OF AN INDIAN TURNDOWN HAS BEEN HEIGHTENED BY THE POLITICAL UPROAR FOLLOWING THE NRC DECISION. THIS HAS ALMOST CERTAINLY MADE THE GOI EVEN WARIER THAT IT HAD BEEN BEFORE ABOUT MAKING ANY MOVE WHICH COULD BE CONSTRUED AS KNUCKLING UNDER TO US PRESSURE. WE AGREE WITH BILL COURTNEY THAT WHEN WE MAKE THE OFFER, WE MUST BE FRANK WITH SETHNA ABOUT THE ROLE OF THE NRC AND THE POSSIBILITY THAT THE COMMISSION MIGHT SEEK TO BLOCK THE SHIPMENT FOR EVEN THIS KIND OF SAFEGUARDED USAGE. HE WILL, IN ANY EVENT, BE WELL AWARE OF SUCH POTENTIAL COMPLICATIONS.

4. COURTNEY HAS NOTED THAT THE OFFER WILL ALSO RAISE
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TECHNICAL PROBLEMS, SOME OF WHICH MAY BE DIFFICULT TO OVERCOME. (A). INDIA CURRENTLY HAS ONLY TWO SEPARATE POOLS FOR STORING AND UPGRADING HEAVY WATER (A CONTINUOUS NEED AS IT DEGRADES THROUGH USE IN REACTORS). IT TOOK TWO YEARS TO ESTABLISH SECOND POOL BECAUSE SMALL POOLS ARE UNECONOMIC. ANY COMMINGLING WITH UNSAFEGUARDED HEAVY WATER WOULD CAUSE PROBLEMS E.G. OUR CIRUS HEAVY WATER. (B). GOI WOULD ALMOST CERTAINLY RUN INTO DIFFICULT PROBLEMS WITH PRESS AND SCIENTISTS IF IT WERE TO SAFEGUARD AN R & D REACTOR. MOREOVER ONLY R-5 IS LARGE ENOUGH TO USE SUBSTANTIAL PORTION OF 75 TONS REQUESTED AND IT WOULD USE ONLY TWO-THIRDS THAT AMOUNT FOR INITIAL CHARGE. (C). EASIEST USAGE FOR INDIA TO ACCEPT WOULD BE MAPP 1, WHICH NOT SCHEDULED TO COME ON KTRAM UNTIL 1980 AND IS CERTAINLY WELL BEHIND R-5 IN CONSTRUCTION PROGRESS. HOWEVER EVEN MAPP 1 WOULD IN INDIAN VIEW ALMOST CERTAINLY REQUIRE ANOTHER SEGREGATED POOL AND THEREFORE THIS USE WOULD ENCOUNTER PROBLEM MENTIONED IN (A) ABOVE.

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S E C R E T SECTION 2 OF 2 NEW DELHI 6714

EXDIS

5. WE HAVE NO FIRM INFORMATION FOR THE QUESTION ON BUY-BACK. WE CONCUR , HOWEVER, IN COURTNEY'S ASSESSMENT WHICH FOLLOWS: BEGIN QUOTE: SETHNA PERSONALLY QUITE CERTAINLY BELIEVES THAT INDIA SHOULD REMAIN WILLING TO RETURN SPENT FUEL TO US IF WE WILL REMOVE IT WITH DESPATCH AND PAY REASONABLE COMPENSATION. CLEARLY OTHERS IN INDIAN GOVERNMENT NOW BELIEVE INDIA SHOULD USE IT AS BARGAINING CHIP AND THEIR VIEW BECOMES STRONGER EACH TIME WE GET TOUGHER ON THE NON-PROLIFERATION ISSUE; E.G. NEC ACTION ON XSNM 1060. NEVERTHELESS SETHNA'S BASIC POSITION FAVORING BUY-BACK IS WELL FOUNDED. HE DOES NOT BELIEVE INDIA CAN USE PRODUCTS FROM REPROCESSIN TARAPUR SPENT FUEL WITHIN NEXT FIVE YEARS, BY WHICH TIME HIS CANDU REACTORS WILL PROVIDE AMPLE SUPPLIES OF PLUTONIUM. THEREFORE, IF BUY-BACK COULD BE PRESENTED AS ADVANTAGEOUS TO INDIA, PERHAPS IN TERMS OF ASSURING SUPPLY OF ENRICHED URANIUM FOR ANOTHER 18 MONTHS WHILE INDIA SEARCHES ALTERNATIVE TO US SUPPLY IN ANTICIPATION OF CUTOFF UNDER NON-PROLIFERATION LEGISLATION, THEN SETHNA WOULD PROBABLY ARGUE IN FAVOR OF IT. I WISH TO EMPHASIZE THAT TRANSACTION WOULD HAVE TO CONTAIN ELEMENTS FAVORABLE TO INDIA BECAUSE THERE ARE PEOPLE HERE WHO THINK TARAPUR SPENT FUEL IS AS VALIABLE TO INDIA AS COMMISSIONER

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GILINSKY THINKS IT IS DANGEROUS FOR US. IN PAST SETHNA HAS BEEN WILLING TO CARRY THE BALL IN GOI FOR SOLUTIONS

WE FAVOR AND I BELIEVE HE HOPES AREAS FOR ACCOMMODATION
WILL AGAIN OPEN UP. END QUOTE.

6. WE ARE WORKING ON THE LARGER QUESTIONS RAISED IN
THE FINAL PARAGRAPH OF REFTTEL (STATE 106266), AND HAVE
ASKED COURTNEY TO JOIN US HERE IN NEW DELHI FOR CONSULTA-
TION ON THEM MAY 4 AND 5. WE WOULD EXPECT TO SUBMIT
OUR VIEWS SHORTLY THEREAFTER.
GOHEEN

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